

Connections

An Office of Retirement Services Publication

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Our Mission

We are a customer focused organization that serves members and employees today and prepares them for tomorrow.

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Funding status of the Judges Retirement System

This issue of *Connections* provides a summary of the financial standings reported in the 2006 *Comprehensive Annual Financial Report (CAFR)*. It is meant to give you a quick and easy synopsis of the system's financial activities for the fiscal year that ended September 30, 2006.

The funded status of the system as reported in the *CAFR* is a healthy 116.0 percent. The higher the percentage, the stronger the pension system. The calculation of this percentage is explained in detail in the financial section of the 2006 *CAFR*, which can be found at www.michigan.gov/ors.

Because of dynamic market changes, the retirement system invests for the long run in a broad, diversified group of assets. This strategy helps to stabilize

returns over time. Pension payments are guaranteed by the Michigan Constitution.

During fiscal year 2005-2006 the retirement system's net assets increased to \$303.2 million. The major sources of revenue were investment income and contributions. The major expenditures were benefit payments.

As of September 30, 2006, there were 533 retirees and beneficiaries receiving monthly benefits. Approximately 291 active employees were reported during fiscal year 2005-2006. Of these, 290 have fully vested rights to their retirement benefits.

A financial summary of your retirement system for fiscal year 2006 can be found on the back page of this newsletter.

Judges website boasts user-friendly upgrades

Looking for an easier way to answer your retirement questions? Our new website for the Judges Retirement System offers quick and easy access to retirement information.

Customer Education staff at ORS created the site to flow more logically with separate links for the Defined Contribution and Defined Benefit plans. Clear navigation buttons organize information into specific categories such as Plan Overview, Insurances, and Forms and Publications.

See for yourself by visiting www.michigan.gov/ors and selecting the Judges Retirement System link.



From the Director



I am honored to serve as director of the Office of Retirement Services within the Department of Management and Budget.

Since 1988 I have been with this office and throughout my tenure I have had the opportunity and good fortune to work alongside great coworkers and supportive

leaders. I've seen great strides in customer service, staff development, and strategic business planning.

Our office has always and will continue to pride itself on being proactive in identifying and meeting the needs of our customers in a timely and cost-effective manner. In 2006 we celebrated great

milestones: our on-line employer reporting process is fully implemented, and we converted to our new pension payment processing system. These process enhancements offer increased efficiencies and improved services to you, our customers, as well as our staff, and we look forward to celebrating even greater improvements in the years to come.

Throughout the years we have received valuable feedback from our customers and I hope that you will continue to share your suggestions with us so that we can continue to provide you with top-notch services.

Sincerely,

Phil Stoddard

Working after you retire

If you are considering employment after you retire, you are certainly not alone. As 60 becomes the new 40, many retirees don't feel ready to fall into the stereotypical retirement. A new job or career is a great way to maintain a happy and healthy lifestyle in retirement. Read on for tips on working after retirement.

Have Fun. Retirement is an excellent opportunity to discover what you enjoy doing and how exactly you want to spend your time. Find work relating to a life-long hobby or try something new that perhaps wasn't possible before retirement. This could be personally fulfilling and may help keep your mind and body active.

Make extra cash. Why not put some extra money in your pocket while indulging in a hobby? Some retirees may find their retirement benefits, social security, and personal savings fall short of supporting desired lifestyles or goals. Returning to work could compensate for a shortage in retirement income.



Your retirement system benefits.

Usually, returning to work after you retire will not affect your pension. If you are appointed by the Supreme Court as a visiting judge for a limited period or specific assignment, you will continue to receive

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FUN FACTS

People 65 and older account for approximately 12 percent of the total population in the United States. Check out some of these other statistics on seniors in the U. S. as reported by the United States Census Bureau, www.census.gov.

63.3 million

The number of people 65 and older in 2004.

4.6 million

The number of people age 65 and older still employed in 2003.

9.7 million

People age 65 and over who are military veterans.

After you retire *continued from page 2*

your retirement pension. The court in which you are serving pays you the difference between 1/250th of your retirement allowance and 1/250th of the annual salary paid for the judicial office in which you serve.

However, if you are elected or appointed by the governor as a judge or state official while retired, your retirement pension would be suspended during the period you serve in office. A retiree who is reelected or reappointed as a judge or state official is a member of the system. If you return to office and serve one full term as a judge or state official, your retirement pension can be recalculated based on your new final salary and include your additional service credit.

While returning to work is a great option for many retirees, some may prefer to focus on leisure and relaxation. Either way, do what is best for you and ENJOY.

Pension due dates

Pension payments are issued on the 25th of the month. If the 25th falls on a weekend or holiday, your pension will be paid the previous business day.

If your EFT is not credited within three days after that date, please call ORS. If your check is delayed, we can reissue it after the seventh of the following month.

WHEN TO CONTACT ORS

Not sure what needs to be reported? Here we list the most common situations that would require contact with ORS. Please use it as a general guide only. Because we can't list every possible event that should be reported, it's best to contact us if you're unsure.

Address Change. Be sure ORS knows your current mailing address at all times so you receive your statements and other important notices.

Death. ORS should be immediately notified upon the death of a pension recipient; a pension beneficiary; or anyone enrolled in your health, dental, or vision insurances.

Divorce. Notify ORS immediately if your ex-spouse is enrolled in your insurances. And, if you elected a survivor option with your ex-spouse as beneficiary, it's best to contact us before your divorce because we can only change your pension if ordered by the court.

EFT Change. Notify us if you want to sign up for electronic funds transfer (EFT) or change your EFT bank account. Be sure to keep your old account open until your pension payment is deposited to the new account.

Marriage. Notify ORS within 30 days whenever an insurance dependent marries, or if you wish to enroll your new spouse in your insurances.

Medicare. Any person enrolled in your health insurances must sign up for Medicare Parts A & B when first eligible. Send ORS a copy of the Medicare card if this happens before age 65.

Details about reporting these and other life events, as well as forms you'll need, can be found online or by contacting ORS.

Holidays

ORS offices will be closed on the dates listed below.

May 28 - Memorial Day

July 4 - Fourth of July

September 3 - Labor Day

Keep in mind that our website is a valuable tool.

www.michigan.gov/ors

Judges Retirement System

Assets & Liabilities		
	FY 2006	FY 2005
Assets		
Cash	\$ 1,103,936	\$ 1,436,110
Receivables	185,875	89,426
Collateral on Loaned Securities	48,686,586	16,973,727
Investments	<u>301,972,909</u>	<u>282,594,559</u>
Total Assets	\$ 351,949,306	\$ 301,093,822
Liabilities		
Accounts Payable and Other Liabilities	48,492	44,307
Obligations Under Securities Lending	<u>48,686,586</u>	<u>16,973,727</u>
Total Liabilities	\$ 48,735,078	\$ 17,018,034
Net Assets	\$ 303,214,228	\$ 284,075,788

Revenues & Expenditures		
	FY 2006	FY 2005
Revenues		
Public Financed and Member Contributions	\$ 3,405,467	\$ 2,777,998
Net Investment Income	<u>34,452,500</u>	<u>31,976,704</u>
Total Revenues	\$ 37,857,967	\$ 34,754,702
Expenditures		
Benefit Payments	\$ 17,952,735	\$ 17,797,840
Health, Dental, and Vision Benefits	596,769	510,152
Transfers and Refunds	-	-
Admin. Expenses	<u>170,023</u>	<u>167,993</u>
Total Expenditures	\$ 18,719,527	\$ 18,475,985
Beginning Year Net Assets	\$ 284,075,788	\$ 267,797,071
End of Year Net Assets	\$ 303,214,228	\$ 284,075,788

Investments & Earnings

	Market Value*	Percent of Total Market Value	Net Investment Income **
Fixed Income Pools	\$ 51,921,197	17.1%	\$ 2,033,264
Equity Pools	146,680,547	48.4%	14,302,479
Real Estate Pool	34,805,376	11.5%	5,904,771
Alternative Investment Pool	29,834,311	9.8%	6,320,502
International Equities Pool	35,037,972	11.6%	5,798,485
Short Term Investments Pool	4,797,442	1.6%	372,207
Securities Lending Income			1,141,140
Investment Expenses			<u>(1,420,348)</u>
Total Assets & Net Investment Income	\$ 303,076,845	100.0%	\$ 34,452,500

* Market value excludes \$48,686,586 in cash collateral for fiscal year 2006.

** Total Investment and Interest Income excludes net security lending income of \$42,273 for fiscal year 2006.

Note: The complete 2006 Comprehensive Annual Financial Report from which this summary was derived is available on our website at www.michigan.gov/ors. If you are unable to download it from the Internet, you can email the Office of Retirement Services at ORSCustomerService@michigan.gov or call us at (800) 381-5111 to request a copy.